

CONFIDENTIAL

EGYPT-ISRAELI DEVELOPMENTS

- I. Suez Canal: Egyptian memorandum of 26 March makes clear Cairo's determination to be sole operator and collector of canal tolls.
- A. Greek, Panamanian and Dutch ships using canal to date, as well as various Arab-flag vessels, have already paid tolls to Egypt.
1. UK Gov't has advised British shipowners not to use Canal.
- B. Although Egyptian memorandum gives "mid-April" as date when canal will be fully usable, Egyptians could pull earlier "surprise" opening.

II.

25X1C

Nasser will leave UNEF in Gaza for time being, despite Israelis refusal allow UN troops on its side of border.

Nasser appears to recognize value of UNEF as buffer protecting him from Israelis.